SUPREME COURT, U. S.

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In the
Supreme Court of the United States

October Term, 1969

No. 297

PURER & COMPANY and PHILLIP PURER,
Appellants,

vs.

AKTIEBOLAGET ADDO and ADDO MACHINE COMPANY, INC.,
Appellees.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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WESTERN PRINTING COMPANY, WHITTIER—OXBOW 8-1722

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Purer & Company, a California corporation, and Phillip Purer, an individual, your petitioners herein, respectfully pray that a Writ of Certiorari issue to review the judgment of the United States Court of Appeals for the Ninth Circuit entered in the above entitled cause on March 14, 1968 and amended on May 29, 1969.

OPINIONS BELOW

The Opinions of the Court of Appeals are reported verbatim herein. (Appendix A, pp. 1-18; Appendix B, pp. 1-2.) It has not as yet been officially reported.

JURISDICTION

The judgment of the Court of Appeals was entered on March 14, 1969 (Appendix A, p. 1). A petition for rehearing was denied on May 29, 1969 (Appendix B, p. 1). The jurisdiction of this Court is invoked under the provisions of 28 U.S. Code secs. 1291, 1332 and 1338.

QUESTION PRESENTED

Revised Rule 21, subd 1 (b) of this Court provides that this Court has discretion to grant a review on Writ of Certiorari where a Court of Appeals has so far departed from the accepted and usual course of judicial proceedings or has so far sanctioned such a departure by a lower court, as to call for an exercise of this Court's power of supervision.

Your petitioners' position, as it will hereinafter appear, is that the Court of Appeals for the Ninth Circuit has so far departed from the accepted and usual course of judicial proceedings and has so far sanctioned such a departure by the U.S. District Court for the Central District of California that this Court should exercise its power of supervision and grant the petition for a Writ of Certiorari and the question presented is:

Has the departure by the Court of Appeals from the accepted and usual course of judicial proceedings and its sanction of such departure by the trial court resulted in an erroneous judgment and a miscarriage of justice

and deprived the petitioners of their rights to the equal protection of the laws?

STATUTES INVOLVED

The following statutes are involved in this proceeding:

1. Federal Rules of Civil Procedure, Rule 43 (a) which reads in part as follows:

> "In all trials the testimony of witnesses shall be taken orally in open court, unless otherwise provided by these rules."

2. California Civil Code, sec. 19

> "19. Constructive notice.
>
> "Every person who has actual notice of circumstances sufficient to put a prudent man upon inquiry as to a particular fact, has constructive notice of the fact itself in all cases in which, by prosecuting such inquiry, he might have learned such fact."

3. California Evidence Code.

> § 641. *Letter received in ordinary course of mail.* A letter correctly addressed and properly mailed is presumed to have been received in the ordinary course of mail.
>
> § 1271. *Business record.* Evidence of a writing made as a record of an act, condition, or event is not made inadmissible by the hearsay rule when offered to prove the act, condition, or event if:

(a) The writing was made in the regular course of a business;

(b) The writing was made at or near the time of the act, condition, or event;

(c) The custodian or other qualified witness testifies to its identity and the mode of its preparation; and

(d) The sources of information and method and time of preparation were such as to indicate its trustworthiness.

§ 1400. *Authentication defined.* Authentication of a writing means (a) the introduction of evidence sufficient to sustain a finding that it is the writing that the proponent of the evidence claims it is or (b) the establishment of such facts by any other means provided by law.

§ 1401. *Authentication required.* (a) Authentication of a writing is required before it may be received in evidence.

(b) Authentication of a writing is required before secondary evidence of its content may be received in evidence.

§ 1509. *Voluminous writings.* Secondary evidence, whether written or oral, of the content of a writing is not made inadmissible by the best evidence rule if the writing consists of numerous accounts or other writings that cannot be examined in court without great loss of time, and the evidence sought from them is only the general result of the whole; but the court in its discretion may require that such accounts or other writings be produced for inspection by the adverse party.

STATEMENT

Jurisdiction in the trial court was based on Title 28 of the United States Code, secs. 1338 (patent infringement) and 1333 (diversity of citizenship).

On November 4, 1965, Aktiebolaget Addo, a Swedish corporation and Addo Machine Co., a New York corporation, filed their law suit against petitioners. The complaint set forth three causes of action:

1. For patent infringement,
2. For trade mark infringement, and
3. For unfair competition.

The patent infringement cause alleged that Aktiebolaget was the owner of two patents for an invention in an adding machine; that by written agreement between Aktiebolaget and Addo the latter is the sole American importer and distributor of the adding machine manufactured by Aktiebolaget embodying the patented inventions and that defendants Purer & Company and Phillip Purer were infringing on the letters patents by making, importing, selling and using adding machines embodying these patented inventions.

The trade mark infringement cause of action was withdrawn by plaintiff prior to the pre-trial on the grounds that discovery proceedings had failed to establish any trade mark violations; and over objection by defendants that at that stage of the proceedings they were entitled to a judgment in their favor rather than a dismissal without projudice, this cause was dismissed.

The unfair competition cause of action was predicated on the contention that the name "Addo" in the marketing of adding and business machines had acquired a secondary meaning within the industry and to the public; and that name is identified with plaintiff's product and that the use of certain advertising by defendants is so similar to that of plaintiffs as to confuse the public into believing that defendants' products were that of plaintiffs.

Defendants answer to the first cause of action for patent infringement was that on April 1, 1964 Aktiebolaget and Purer had entered into a written agreement authorizing Purer to use in his adding machines Aktiebolaget's patents upon payment of royalties.

The defense to the cause of action for unfair competition was a general denial.

Aktiebolaget admitted the execution of the licensing agreement but contended that it had been procured by fraud as follows:

1. Aktiebolaget was charging Toshiba, a Japanese corporation, with unauthorized use of plaintiff's patents and wouldn't permit Toshiba to use plaintiff's patents.

2. Purer was the American distributer of Toshiba's adding machines and had knowledge of Aktiebolaget's difficulties with Toshiba and particularly that Aktiebolaget would not grant a license allowing Toshiba to use the inventions.

3. Purer thereupon embarked upon a course of conduct to obtain a license agreement from Aktiebolaget. He solicited the agreement for himself and concealed his association with Toshiba.

4. Upon obtaining the license agreement he had Toshiba manufacture the same adding machine it had always manufactured including plaintiff's patented invention, but gave it a different model number. Except for the numbers, Toshiba's, Purer's and plaintiff's machines were identical.

5. Aktiebolaget further contended that upon discovering the fraud of defendants it immediately gave notice of rescission of the license agreement and that the use by defendants of plaintiff's patents after the notice of rescission constituted patent infringement and unfair competition.

The trial of the patent infringement cause of action therefore hinged upon the question whether defendants procured the licensing agreement by fraud. Plaintiffs contended, and defendants agreed that the question of fraud was to be decided according to the laws of the State of California.

The trial of the unfair competition cause of action hinged upon the establishment of secondary meaning to the name Addo and the resulting confusion to the public.

Upon the trial of the action, plaintiffs attempted to establish their two causes of action with the following results:

1. a. To establish the amount of its annual sales, Gunnal Agrell, the president of Aktiebolaget testified that at his direction his accounting department had prepared a summary of sales for the years 1962-1966 from its books and records. The summary, consisting of an ordinary sheet of paper with figures typed on it was then offered into evidence under Cal. Ev. Code Sec. 1509 and received as Exhibit 4.

The objection of defendants that no proper foundation had been laid in that the witness did not prepare the summary and he was not familiar with the books and records of Aktiebolaget, and that an order of the court allowing defendants to examine the books and records was rendered moot when plaintiffs stated they would not use the books and records or any portion thereof in support of their action, was overruled, the court holding that since he was the president of the corporation and had ordered it to be prepared it was adequate foundation. The trial court subsequently made a finding based on the truth of the contents of this exhibit. (Findings of Fact Nos. 4 and 5; App. C, p. 2.)

b. To establish the annual sales of Addo Machine Company, George Agrell, the brother of Gunnar Agrell, and the president of Addo Machine Company, testified that he had requested his accounting department to prepare a summary of the annual sales of Addo Machine Company for the years 1963 to 1967 from the books and records of the corporation; that he was not satisfied with the summary as given to him by

his accounting personnel and changed the figures. The objection of defendants that no proper foundation had been laid and further that the figures had been changed was overruled, the trial court holding that since he was the president and it was prepared at his direction and at his hequest, it was a sufficient foundation to be admitted as an exhibit under Sec. 1509 of the California Evidence Code. This document, consisting of two pages of typed figures, was admitted into evidence as plaintiff's Exhibit No. 48, and subsequently the court made a finding based on the truth of this Exhibit. (Finding of Fact No. 12; App. C, p. 3.)

The appellate court held that these exhibits were properly admitted into evidence as summaries under California Evidence Code Sec. 1509. (App. A, p. 3.)

2. To establish that a dispute existed between Aktiebolaget and Toshiba and that Aktiebolaget would not grant any license to Toshiba to use its patented inventions, plaintiff's counsel offered a series of letters between Aktiebolaget and Lindeteves, its representatives in Amsterdam and one to the Swedish counsul in Tokyo. Lindeteves apparently forwarded these letters from Aktiebolaget to its agents in Tokyo and the answers from their agents in Tokyo to Aktiebolaget in Sweden. The originals of these letters were not offered, only copies, and no proof of their mailing was ever submitted.

Plaintifff's counsel, of course, was aware of the fact that these documents were all hearsay and not admissable, and stated to the court that he was not

offering them in evidence for the truth of their contents, but only to indicate the state of mind of the witness, Gunnar Agrell. The trial court thereupon stated that it would receive these documents in evidence not for the truth of their contents, but for the sole purpose of establishing the state of mind of Gunnar Agrell that he would not grant a license to Toshiba to use the patented inventions. These documents were thereupon admitted into evidence as plaintiff's Exhibits Nos, 8-11 inclusive, 13, 14 and 16, and the court subsequently made findings of fact based on the truth of the contents of these letters (Findings of Fact Nos. 23 through 32 inclusive, App. C, pp. 5-7.)

Appendix D annexed hereto contains excerpts from the trial indicating that the letters were not offered in evidence as to the truth of their contents and that they were not received in evidence as to the truth of the contents.

The appellate court, however, disregarded that fact that these exhibits were not admitted into evidence for the truth of their contents and concluded that they were properly admitted into evidence to provide substantial evidence in support of the questioned findings (App. C, p. 6.)

3. Gunnar Agrell testified that he requested Lindeteves to purchase a Toshiba adding machine, and the court thereupon assumed that the machine that Gunnar Agrell had received from his dealer was actually a Toshiba adding machine. Gunnar Agrell further testified that when the Toshiba machine arrived he sent

it to his laboratory to be photographed and that the photographs were subsequently sent to his agent in Amsterdam.

Although the witness further testified that when the purported model machine from Toshiba arrived there was a mark on it which he could not recall, and the markings that he made on the back of the photographs were done when his deposition was taken in December of 1965, more than a year after the law suit was started and more than 2 years after the photographs were taken, the court overruled all objections to their being admitted into evidence and accepted them as exhibits 12a to 12h inclusive, and subsequently made findings of fact Nos. 29 and 30 predicated upon the authenticity of these photographs. Annexed hereto as Appendix E is an excerpt from the testimony of Gunnar Agrell that he didn't know what mark was on the machine. The appellate court stated (App. A, p. 4):

> "Mr. Agrell saw the machine when it arrived in Sweden. He inspected it to see whether there was any model number. It was Model 4001."

4. To establish the similarity between petitioners' present adding machine and the adding machine sold by Toshiba, the respondents offered into evidence a letter dated November 25, 1965 allegedly from Tokyo Electric Co., enclosing photographs of the adding machines, and purportedly in answer to a letter written by Aktiebolaget to Tokyo Electric Company in April of 1964, almost 18 months before. Over objection that no proper foundation was laid as to the author of the letters and

no foundation laid as to who took the photographs and their authenticity, the letter of April, 1964, was received into evidence as Exhibit 17 and the letter of November, 1965 as Exhibit 43 and a finding made based on their being correct (Finding of Fact No. 50, App. C, p. 12).

The appellate court held that Exhibit 17 was properly authenticated because Gunnar Agrell had seen it before it was sent although he was not its author. (App. A, p. 5).

5. In soliciting the license agreement, Purer used letterheads which had prominently displayed on it a picture of a plant containing kana markings and in bold type the words "New Modern Facility in Ohito." The findings only contain the phraseology contained in these letters (Findings of Fact Nos. 37, 39, 41; App. C, pp. 7-9) and omitted any reference to the picture and the phrase which alerted Gunnar Agrell to the fact that Purer & Co. has Japanese connections.

The appellate court held that since the finding interpreted a written document, it had no power to make its own interpretation of the written instrument. (App. A, p. 10.)

6. To establish unfair competition plaintiff offered into evidence a series of letters from its dealers and from dealers of a subsidiary complaining about the similarity between plaintiff's model adding machine and defendant's adding machine. Over objections that these letters were hearsay and self serving declarations,

and that such testimony must come from a witness on the stand so that they could be cross examined, the court admitted these letters into evidence to establish the state of mind of the plaintiffs' dealers (Exhibits 53-57; 61-65) and further made findings predicated on the truth of the contents of these letters (Findings of Fact 68, 69; App. C, p. 15).

The appellate court approved their admission into evidence for that limited purpose (App. A, p. 8).

7. Although the trial court found that your petitioners were guilty of false and misleading advertising (Findings of Fact Nos. 62-65 inclusive; App. C, p. 14) not a single witness was produced nor any evidence offered (except the letters from respondent's dealers) that anyone has ever purchased an adding machine from petitioners believing it to be that of respondents.

The appellate court concluded, however, that petitioners' importation and sale of adding machines incorporating Aktiebolaget's patented inventions after notice of rescission and their advertisement of their connection with respondents sufficiently constituted unfair competition (App. A, p. 12).

8. No findings were made by the trial court as to what portions of petitioners' adding machines infringed upon the claims of respondents' patents, yet the court concluded that petitioners' adding machines incorporated the patented inventions which constituted patent infringement (Conclusion of Law No. IV, App. C, p. 17).

REASONS FOR GRANTING THE WRIT

I

Books and records are hearsay and are not admissible in evidence. However, by statute they may be admitted into evidence as to the truth of their contents provided a proper foundation is laid.

A proper foundation requires that the custodian of the records testify under oath that the entries were made in the regular course of business under his direction and supervision, and if summaries are used, that the person making the summaries verified their conclusions from the actual books and records.

San Macri & Sons, Inc. v. U.S.A., 9th cir., 1963, 313 F. 2d 119, 128-129;

People v. Doble, (Cal. 1928) 203 Cal. 510, 515, 265 Pac. 184.

In this case the Supreme Court of California stated the rule as follows:

> "It is manifestly error to admit in evidence, under section 1855, subdivision 5, of the Code of Civil Procedure, [now section 1509 of the Evidence Code] a summary of books where the books themselves are not shown to be admissible in evidence. We, of course, are not intending to hold that the books in each case must be actually received in evidence to warrant the introduction of such summary so long as they are available for use of the opposing party, but their introduction in evidence is the safest rule, and it is not a technical objection

to require that a showing be first made that such book entries are entitled to admission if they are actually offered."

Baker & Ford Co. v. United States, 363 F. 2d 605, 607 (9th cir., 1966) does not support the Appellate Court's position that the summaries were properly admitted into evidence (App. A, p. 3). In that cause one Fred Urban took the stand and testified that *he* prepared the summary from the original records (p. 607) which is not the same as the testimony of Gunnar Agrell and George Agrell, who both testified that the exhibits were prepared by someone else at their request.

Exhibits 4 and 48 were, therefore, not properly in evidence and they do not support Findings Nos. 4, 5 and 12.

II

Exhibits 8-11 inclusive and 13, 14 and 16 were admitted for the sole purpose of showing the state of mind of the witness Gunnar Agrell and specifically not for the truth of its contents. It was therefore reversible error for the trial court to make findings (Findings of Fact Nos. 23-32 inclusive, App. A, pp. 5-7) predicated on the truth of these documents.

Waldron v. Waldron, 1895, 156 U.S. 361, 381; 15 S. Ct. 383, 388.

III

Exhibits 12 to 12 h, the photographs, were not taken by the witness and the originals of these photographs were sent by Aktiebolaget to their agents, Lindeteves, in Amsterdam. Furthermore, they were supposed to be of an adding machine which the witness asked Lindeteves to procure for him. No evidence was offered that Lindeteves procured a Toshiba adding machine but the Court assumed that since Gunnar Agrell had requested one, that is what he received.

Exhibit 44a was a photograph enclosed in a letter after the action was commenced. No one attempted to authenticate this photograph.

Yet the Court made findings based on the validity of these exhibits and using these exhibits concluded that the Toshiba Adding Machine, Purer's adding machane and plaintiff's adding machine were identical and embodied plaintiff's patented inventions (Findings of Fact No. 29, 30 and 50, App. C, p. 7, p. 12.)

Since similarity of the *parts* of the interior of the Toshiba machine (which the witness had not seen) with plaintiff's machine was the crucial issue, no proper foundation was laid to admit Exhibits 12 to 12h into evidence; and since no one knew what exhibit 44a portrayed except that it arrived in a letter, this exhibit was not properly authenticated.

Klevcand v. United States, 2nd cir. 1965, 345 F. 2d 134, 137.

IV

Although Exhibits 20, 22 and 25 had a visible picture of a plant with markings on it that could be either Japanese or Chinese and a statement underneath it "New Modern Facility in Ohito," the Court made findings based only on the typed portions of these exhibits and excluded the picture and the phrase. The Appellate Court refused to consider these written documents on the grounds that it was bound by the findings of the trial court on the "clearly erroneous" test. (App. A, p. 10-11.)

The various circuits of the United States Court of Appeals have different theories as to their duties under F. R. C. P. Rule 52a in reviewing a written document. Under the "Frank" rule, some appellate courts have held that an appellate court is in as good a position as a trial court to interpret a written instrument. This rule is followed in the Second, Fifth and Seventh circuits.

Iravani Mottaghi v. Barkley Importing Co., 2nd cir., 1957, 244 F. 2d 238, 248;

Upjohn v. Schwartz, 22nd cir., 1957, 246 F. 2d 254, 261;

Illinois Central R.R. v. Gulf, Mobile & Ohio R.R., 5th cir., 1962, 308 F. 2d 374, 375;

United States v. Lee, 5th cir., 1957, 250 F. 2d 308, 309;

Shumaker v. Groboski Industries, Inc., 7th cir. 1965, 352 F. 2d 837, 840.

The Ninth Circuit, as well as several other circuits, have chosen to follow the "Clark" theory; namely, that under the "clearly erroneous" test the findings of the trial court is binding on the appellate court even where the trial was on written instruments and depositions.

To further add to the uncertainty the Ninth Circuit has also on many occasions followed the "Frank" theory and made its own interpretation of the documents disregarding the conclusions of the trial court, e. g.

Furness, Withy & Co. v. Carter, 9th cir. 1960, 281 F. 2d 264, 266;

United Artists Corp. v. Strand Productions, 9th cir., 1954, 216 F. 2d 305, 310.

Both theories were fully analyzed in *Lundgren v. Freeman,* 9th cir., 1962, 307 F. 2d 104, 113-115, where the court concluded that the "Clark" view is what was *suggested* by this Court in *Commissioner of Internal Revenue v. Duberstein,* 1960, 363 U.S. 278; 80 S. Ct. 1190; 4 L.Ed. 2d 1218. However, this interpretation of *Commissioner of Internal Revenue v. Duberstein* by the 9th circuit is not accepted in other circuits.

Illinois Central RR v. Gulf, Mobile Ohio RR., 5th cir., 1962, 308 F. 2d 374;

Shumaker v. Groboski, 7th cir., 1965, 352 F. 2d 837.

This difference among the circuits assumes par-

ticular importance because the question of fraud in the present cause was decided according to the laws of the State of California; and California follows the Frank rule that the meanings of a written instrument without the aid of extrinsic evidence is a question of law and that the interpretation given to it by the trial court is not binding on the appellate court.

In *Faus v. City of Los Angeles* (1967) 67 C. 2d 350, 360; 62 Cal. Rptr. 193, 431 P. 2d 849, the court stated:

> "Subsequent to the decisions in the cases cited by plaintiff we held that, 'It is . . . solely a judicial function to interpret a written instrument unless the interpretation turns upon the credibility of extrinsic evidence.' (citation.) Where there is no extrinsic evidence or 'no conflict' in such extrinsic evidence as has been introduced, 'we must make an independent determination of the meaning' of a legal instrument. (62 Cal. 2d at p. 866.)"

In Parsons v. Bristol Development Co. (1965) 62 C. 2d 861, 866; 44 Cal. Rptr. 767; 402 P. 2d 839, it was held:

> "Since there is no conflict in the extrinsic evidence in the present case we must make an independent determination of the meaning of the contract."

In *Erie R. Co. v. Tompkins* (1938) 304 U.S. 64, 78; 58 S. Ct. 817, it was stated on page 822:

> "Except in matters governed by the Federal Constitution or by acts of Congress, the law to be applied in any case is the law of the state."

A correct understanding of *Erie R. v. Tomkins* would require that the interpretation of a written instrument, particularly where it involves an application of state law, be subject to the scrutiny of an appellate court rather than irrevocably bind the appellate court to the decision of the trial judge.

The picture of the plant and the phrase "New Modern Facility in Ohito" on Exhibits 20, 22 and 25 was notice to Gunnar Agrell, the president of Aktiebolaget, that petitioners had close connections with a Japanese firm (Cal. Code Civ. Proc. sec. 19) and Mr. Agrell was personally aware of this fact when he made notes over the picture. This was particularly important since it negates the claim of fraud because petitioner failed to advise respondents of this fact. Yet the trial court refused to make such a finding and the appellate court held that it had no power to review this decision.

Had the cause been tried in New York, the Second Circuit would have reviewed Exhibits 20, 22 and 25 to determine if these exhibits were sufficient notice to respondent of petiitoner's Japanese connections. Had the claim been tried in the State Court in California the result would have been the same. But because it was tried in the Federal Court in California rather than in the Federal Court in New York or in the State Court in California, petitioners are denied a right to have an important piece of documentary evidence reviewed and an erroneous judgment corrected and stand convicted of fraud, not because of evidence, but because

the trial was held in the Federal Court of California and not elsewhere.

It would seem that both parties, in a matter involving State law, are entitled to have their claims determined the same way, regardless if in the State or Federal court.

V

It is elementary and it does not require extensive discussion that to constitute unfair competition the producer's product must be identified by the public with that of the manufacturer. (*Kellogg Co. v. National Biscuit Co.*, (1938), 305 U.S. 111, 118; 59 S. Ct. 109, 113) and that the public must be so confused as to purchase the counterfeit product believing it to be that of the original producer (*Armstrong Paint & Varnish Works v. Nu-Enamel Corp.* (1938) 305 U.S. 315, 316; 59 S. Ct. 191, 201-202). Even false and misleading advertising is insufficient unless it is accompanied by a showing that the public was decieved in purchasing the defendant's product believing it to be that of the plaintiff (*Mosler Safe Co. v. Ely-Norris Safe Co.*, (1927), 273 U.S. 132; 47 S. Ct. 314).

Thus, without any showing of confusion on the part of the public the trial court found the petitioners guilty of unfair competition on the grounds that they continued to use Aktiebolaget's patented inventions after notice of recission and contrary to the holding of the Ninth Circuit in *Intricate Metal Products, Inc. v. Schneider,* 9th cir., 1963, 324 F. 2d 555, 561-563 that

patent infringement in itself is not unfair competition.

Pursche v. Atlas Scraper and Engineering Co., 9th cir., 1962, 300 F. 2d 467, 483; cert. den. 371 U.S. 911, 83 S. Ct. 251, does not hold to the contrary. That case merely held that the use by defendant of plaintiff's invention after defendant terminated the license agreement constituted unfair competition so far as to give the court jurisdiction to hear the cause of action for unfair competition, not that it was unfair competition.

VI

There was no basis whatsoever for the trial court to receive in evidence unverified letters from plaintiff's dealers (Exhibits 53-57 and Exhibits 61-65) and use the contents of these letters to indicate confusion among plaintiff's dealers (Finding of Fact Nos. 68, 69, 70; App. C, p. 15).

The proper procedure was by way of oral testimony so that defendant would have an opportunity of cross examination to determine if confusion resulted. These letters were all addressed to Mr. Oppenheimer, the sales manager, and are all dated November 1, 1965.

Although the Appellate Court held that the purpose of those letters was for the purpose of showing the state of mind of the dealers and not for the truth of their contents. (App. A, p. 8) Findings of Fact Nos. 68 and 69 hold that defendant's letters of solicitation "did create confusion among such dealers as to the sponsorship or endorsement by Addo of the TEC

7001 adding machine." This is precisely what was stated in Exhibits 53-57 and the only source to support plaintiff's third cause of action for unfair competition.

VII

Although the Appellate Court recognized the fact that

> "In order to constitute infringement there must exist substantial identity of function, means and results (citation.) an infringing device must perform substantially the same function or accomplish a substantially identical result by substantially identical means, and the principle or mode of operation must be the same. (citation.)" (App. A, p. 15.)

there are no findings setting forth this requirement. While Findings Nos. 24, 25 and 29 state that the Toshiba adding machine is almost an exact mechanical copy of plaintiff's adding machine (not based on evidence but on Exhibits 8-11, 13, 14 and 16, which were not admitted into evidence for the truth of their contents); and Finding No. 53 states that over ninety per cent of the parts of the TEC 7001 adding machine are identical in size, shape and design with similar parts of plaintiff's adding machine to the extent that they are interchangeable, there is still no finding what parts of defendants' adding machines infringed upon the claims of plaintiff's machines — which is the only basis for infringement.

In a patent infringement cause, the findings should be specifically set forth what portions of defendant's machines infringed upon the inventor's claims (*Autogiro Co. of America v. United States,* U.S.C.C., (1967) 384 F. 2d 391, 396).

CONCLUSION

In discussing proof, Mr. Justice Cardozo in *Shepard v. United States*, 1933, 290 U.S. 96, 104, 54 S. Ct. 22, 25 stated:

> "This fact, if fact it was, the Government was free to prove, but not by hearsay declarations."

Petitioners' position is that if they are to be held guilty of fraud and penalized $33,000.00 for attorney's fees and $3,905.17 for expenses because of their fraud (App. C, p. 21), their fraud should be established by proper evidence and not by hearsay documents and writings not in evidence for the truth of their contents. Even in these days of inflation $36,000.00 is not a small sum of money.

The Petition for a Writ of Certiorari should be granted to review the departure by the trial court from the accepted and usual course of judicial procedure and its sanction thereof by the appellate court.

Dated at Los Angeles, California, June 27, 1969.

Respectfully submitted,

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